

**TOWN OF MANCHESTER, VERMONT**  
**Financial Statements and Schedules**  
**June 30, 2021**  
**(With Independent Auditor's Report Thereon)**

Love, Cody & Company, CPAs

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

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## **Independent Auditor's Report**

The Select Board  
Town of Manchester, Vermont

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Manchester, Vermont as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Manchester, Vermont, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 12, the budgetary comparison information on pages 43 - 54, the schedule of pension liabilities and contributions on page 55, and the schedule of changes in the total OPEB liability on page 56, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Manchester, Vermont's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2022, on our consideration of the Town of Manchester, Vermont's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Manchester, Vermont's internal control over financial reporting and compliance.

*Love, Cody & Company, CPAs, P.C.*

March 21, 2022

Vt. Reg. #357

Love, Cody & Company, CPAs

**TOWN OF MANCHESTER, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2021**

The following is Management's Discussion and Analysis of the Town of Manchester, Vermont's financial performance. It provides an overview of the Town's financial activities for the fiscal year ended June 30, 2021. It focuses on the year-end results and provides an objective analysis of the various funds the Town operates in the conduct of its business from a management perspective. It discusses both the government-wide and fund-based financial statements. Please read it in conjunction with the Town's financial statements, which immediately follow this section.

**Financial Highlights**

Government-wide financial statements:

- ❖ The assets and deferred outflows of the Town of Manchester exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$21,385,456 (net position). Of this amount, \$998,898 (unrestricted net position) may be used by the various funds of the Town to meet the Town's ongoing obligations to its citizens and creditors.
- ❖ The Town's total net position stands at \$21,385,456. Of this amount, net position attributable to governmental activities is \$14,180,618 while net position attributable to business-type activities is \$7,204,838.

Fund financial statements:

- ❖ As of the close of the 2021 fiscal year, the Town of Manchester's governmental funds reported combined ending fund balances of \$2,630,179, an increase of \$372,176 in comparison with the prior year.

**Overview of the Financial Statements**

The financial section of this report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and additional required supplementary information. The basic financial statements include two kinds of statements that present different views of the Town. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements for governmental activities report how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the government.

**TOWN OF MANCHESTER, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers a broad overview of the Town of Manchester's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Town of Manchester's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Manchester is improving or deteriorating.

The statement of activities presents information showing how the government's net position has changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

Both of the government-wide financial statements distinguish functions of the Town of Manchester that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Manchester include general government, public safety, public works, health and social services, recreation and parks, conservation and development, and public improvements. The business-type activities of the Town of Manchester include water and wastewater treatment operations.

Government-wide financial statements are designed to include the primary government unit as well as any legally separate entities for which the primary government is financially accountable. These separate entities are known as component units. The Town of Manchester has no such entities that qualify as component units.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Manchester, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Manchester can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds**

Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that

**TOWN OF MANCHESTER, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2021**

can be spent in the near future to finance the Town's programs. The differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the schedules following each of the governmental fund financial statements.

**Proprietary Funds**

When the Town charges customers for the services it provides—whether to outside customers or to other units of the Town, these services are generally reported in proprietary funds. The Town of Manchester uses two proprietary funds: the Water Fund and the Sewer Fund (also known as Wastewater Treatment). Proprietary funds use the accrual basis of accounting. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds**

The Town is Trustee, or fiduciary, for assets that belong to others, such as the private-purpose trust and agency funds. The Town is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The Town excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

**Notes**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. The notes to financial statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the Town's budget with actual General Fund revenues and expenditures. Other supplementary information consists of combining statements for the non-major governmental funds.



**TOWN OF MANCHESTER, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

The following table summarizes the major features of the Town's financial statements, including the portion of the Town's activities covered and the types of information within.

**Major Features of the Government-Wide and Fund Financial Statements**

	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire Town (except fiduciary funds)	The activities of the Town that are not proprietary or fiduciary. Includes general fund and special revenue funds.	The activities of the Town for which a fee is charged to external users (such as water and wastewater treatment activities).	Instances in which the Town administers resources on behalf of another, such as trust accounts.
Required financial statements	-Statement of net position  -Statement of activities	-Balance Sheet  -Statement of revenues, expenditures, and changes in fund balances	-Statement of net position or balance sheet  -Statement of revenues, expenses and changes in fund net position  -Statement of cash flows	-Statement of fiduciary net position  -Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual basis of accounting and economic resources measurement focus	Modified accrual basis of accounting and current financial resources measurement focus	Accrual basis of accounting and economic resources measurement focus	Accrual basis of accounting and economic resources measurement focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; including capital assets	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they may
Type of inflow/outflow of information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

**TOWN OF MANCHESTER, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

This section summarizes information and data as related to the Statements of Net Position as of June 30, 2021 and the Statement of Activities for the year ended June 30, 2021.

**Government-wide Statements**

The Town's combined net position was approximately \$21 million at June 30, 2021. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Town's governmental and business-type activities including a 2020 comparative analysis of government-wide data.

**Table 1  
Net Position (in Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current and other assets	\$ <b>3,502</b>	3,133	<b>2,624</b>	3,449	<b>6,126</b>	6,582
Capital assets	<b>14,654</b>	14,480	<b>10,640</b>	9,829	<b>25,294</b>	24,309
Deferred outflows	<b>396</b>	215	-	-	<b>396</b>	215
Total assets and deferred outflows	<b>18,552</b>	17,828	<b>13,264</b>	13,278	<b>31,816</b>	31,106
Current liabilities	<b>(635)</b>	(1,144)	<b>(157)</b>	(372)	<b>(792)</b>	(1,516)
Long-term liabilities	<b>(3,683)</b>	(2,379)	<b>(5,902)</b>	(5,975)	<b>(9,585)</b>	(8,354)
Deferred inflows	<b>(54)</b>	(45)	-	-	<b>(54)</b>	(45)
Total liabilities and deferred inflows	<b>(4,372)</b>	(3,568)	<b>(6,059)</b>	(6,347)	<b>(10,431)</b>	(9,915)
Net position:						
Invested in capital assets, net of debt	<b>12,418</b>	13,066	<b>4,738</b>	3,652	<b>17,156</b>	16,718
Restricted	<b>2,526</b>	2,169	<b>704</b>	704	<b>3,230</b>	2,873
Unrestricted	<b>(764)</b>	(975)	<b>1,763</b>	2,575	<b>999</b>	1,600
Total net position	\$ <b>14,180</b>	14,260	<b>7,205</b>	6,931	<b>21,385</b>	21,191

The Town's liquidity – the ability to pay for its most immediate obligations – is measured by comparing current assets to current liabilities. The Town has current assets approximately 7.7 times greater than it does current liabilities.

The Town's solvency – the ability to fulfill its total obligations – is measured by comparing debt-to-assets ratio and debt-to-net assets ratio. Debt-to-assets ratio, which equals 33.0%, computes the percent of assets financed with debt. Debt-to-net assets ratio, which equals 48.2%, computes the amount that is owed for debt on every dollar that the Town has available for use providing programs.

**TOWN OF MANCHESTER, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

The Town's capital assets, such as infrastructure, buildings and equipment, less outstanding debt used to acquire them, amount to \$17.2 million. These assets represent the largest portion of the Town's net position. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net position of \$3.2 million has been restricted by the voters or sources external to the Town to be used for specific purposes. The unrestricted net position of \$1.0 million may be used to meet the Town's ongoing activities.

**Table 2  
Changes in Net Position (in Thousands)**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>						
Program revenues:	\$					
Charges for services	662	506	1,251	1,638	1,913	2,144
Grants and contributions	432	433	-	-	432	433
General revenues:						
Property taxes	3,599	3,500	-	-	3,599	3,500
Other general revenues	1,756	1,626	379	97	2,135	1,723
Total revenues	6,449	6,065	1,630	1,735	8,079	7,800
 Program expenses:						
General government	6,531	6,655	-	-	6,531	6,655
Water	-	-	860	818	860	818
Wastewater treatment	-	-	496	468	496	468
Total expenses	6,531	6,655	1,356	1,286	7,887	7,941
 Excess (deficiency) before transfers	(82)	(590)	274	449	192	(141)
 Transfers	-	-	-	-	-	-
 Change in net position	\$ (82)	(590)	274	449	192	(141)

Net position of the Town's governmental activities decreased by \$82 thousand. The net position related to business-type activities increased by approximately \$274 thousand.

**TOWN OF MANCHESTER, VERMONT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**Year Ended June 30, 2021**

**Table 3**  
**Cost of Services -**  
**Governmental Activities (in Thousands)**

	<b>Total</b>		<b>Net</b>	
	<b>Cost of Services</b>		<b>Cost of Services</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
General government	\$ 3,048	2,946	2,646	2,590
Public safety	1,695	1,337	1,549	1,183
Public works	1,369	1,490	1,148	1,282
Parks and recreation	300	645	(17)	434
Public health	-	1	-	1
Cemetery	3	4	(4)	(6)
Capital Outlay	33	78	33	78
Emergency	11	89	11	89
Interest on long-term debt	72	65	72	65
	<b>\$ 6,531</b>	<b>6,655</b>	<b>5,438</b>	<b>5,716</b>

The costs of providing governmental services amounted to approximately \$6.5 million for the year ended June 30, 2021. The cost of providing services is offset by charges for services and program-specific operating and capital grants, resulting in net cost of services of approximately \$5.4 million.

**Table 4**  
**Capital Assets at Year-end**  
**Net of depreciation (in Thousands)**

	<b>Governmental</b>	<b>Business-Type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>Primary</b>
			<b>Government</b>
Land and improvements	\$ 2,223	139	2,362
Buildings	3,453	456	3,909
Infrastructure	7,187	1,257	8,444
System and improvements	-	8,600	8,600
Machinery and equipment	598	80	678
Vehicles	1,193	-	1,193
Construction in progress	-	108	108
<b>Totals</b>	<b>\$ 14,654</b>	<b>10,640</b>	<b>25,294</b>

**TOWN OF MANCHESTER, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

**Table 5  
Outstanding Debt, at Year-end  
(in Thousands)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Bonds payable	\$ 2,090	5,902	7,992
Capital lease obligations	146	-	146
Compensated absences	153	-	153
Net pension liability	846	-	846
Other post-employment benefits	602	-	602
<b>Totals</b>	<b>\$ 3,837</b>	<b>5,902</b>	<b>9,739</b>

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

During the first part of Fiscal Year 2021 the Town's local option revenues, especially meals, rooms and alcohol revenues, slumped as a result of business closures and quarantines. This had a significant impact on Town finances, and the Town tapped the brakes on capital projects and employee wage increases. However, in the later part of Fiscal Year 2021, revenues began to steadily increase and the federal government approved municipalities across the United States through the American Rescue Plan Act. Manchester received approximately \$1.05M in aid. The Selectboard is in the process of programming the funds. More information can be found at [www.manchester-vt.gov/arpa-funds](http://www.manchester-vt.gov/arpa-funds). As a side note, this trend of increasing local option revenue has continued into Fiscal Year 2022 with record breaking revenues in the first, second and third quarters.

Fiscal Year 2021 included the completion of projects authorized and funded by the \$972,000 2020 General Fund Bond. Projects include:

- Sidewalk replacement and repairs on Bonnet Street (near Two Cow Lane), on Main Street (near 5081 Main Street and 4570 Main Street)
- Improvements to the Public Safety Facility, including increased exterior security, exterior lighting, parking lot paving, a concrete apron in front of the Fire Department truck bay doors, and an impound yard for the Police Department
- Funding for half of a new Fire Department rescue truck (additional funding came from the Fire Department Equipment Reserve Fund)
- Improvements to the Dana L. Thompson Memorial Park, including sidewalks and a new maintenance facility
- Improvements to the Town owned Applejack Stadium, including renovations to the historic 1887 grandstand (structural repairs, extending the elevated seating area and installing three rows of stadium style seating, removal of half of the front support columns to open up the view, and adding an accessible seating area with an ADA compliant lift)

**TOWN OF MANCHESTER, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Year Ended June 30, 2021**

These projects continue the policy of investing significant financial and other resources into the Town's parks system and its downtown infrastructure in an effort to maintain the Town's economic success and increase the overall quality of life of its residents.

Other important capital projects in Fiscal Year 2021 included paving of the eastern end of Barnumville Road (\$94,000) and an investment of almost \$1,000,000 by the Board of Water Commissioners for the replacement of water mains on Prospect Street. Fiscal Year 2021 also saw the design of the water main replacements on the western end of Barnumville Road and a sewer main extension along Main Street from Cemetery Avenue to the access road to Riley Rink / Hunter Park.

FY 2021 saw the lifting of the state of emergency in Vermont, which meant the restart of social, cultural and sporting events in Manchester. Applejack Stadium, renovated during the pandemic in 2020, showcased exceptional local and regional athletes and is quickly becoming one of the premier facilities in the Northeast. Among other things, Applejack Stadium hosted home games for Vermont Fusion (Women's Premier Soccer League), Black Rock FC (USL League 2), a UVM regular season soccer game and the Division 4 high school state championship games. The 2015 Northshire Economic Development Study (NEDS) recommended that the Town take advantage of existing recreational assets to grow the local economy. The Town expects that in 2022 Manchester will host even more regional events. Fiscal Year 2021 also saw the return of some outdoor related events like tournaments, concerts and festivals.

The Town made significant investments in its ability to respond to emergencies in Fiscal Year 2021, including investments in the Emergency Operations Center, increased ability to bunk emergency personnel at the Public Safety Facility during emergencies, and better ventilation and facility cleaning equipment. Most of these costs were reimbursed by the Federal Emergency Management Administration.

Fiscal Year 2021 included the Town working with two Eagle Scout candidates, Thomas Andres and Charlie Levene, on projects. Thomas' project included building and installing two exercise stations at the Dana L. Thompson Memorial Park, and Charlie's project included converting a parcel owned by Green Mountain Power at the corner of Center Hill and Depot Street into a downtown park. The new park was dedicated by the Selectboard as Skinner Point Park. Minor work is ongoing in Fiscal Year 2022 on Skinner Point Park.

Lastly, Fiscal Year 2021 included substantial investments in technology, in part due COVID-19. The Town installed new technology at Town Hall that provides enhanced online access to meetings and hearings. In the Kilburn Room this included a robotic camera, speakers and monitors, which provide a seamless melding of in-person and online participation for board members and attendees. Despite the overwhelming negative effects of COVID, the implementation of this new technology has allowed for much great involvement and access to local government.

### **Additional Financial Information**

Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Town of Manchester, Finance Office, 6039 Main Street in Manchester, VT 05255. Please contact Michael DeCubellis at (802) 362-1313 X4.

**TOWN OF MANCHESTER, VERMONT**  
**Statement of Net Position**  
**June 30, 2021**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash	\$ 546,485	25,532	572,017
Investments	2,425,379	2,046,630	4,472,009
Accounts and notes receivable	29,140	504,853	533,993
Delinquent taxes receivable, net	395,203	-	395,203
Bond proceeds receivable	-	64,712	64,712
Internal balances	30,543	(30,543)	-
Due from fiduciary funds	58	-	58
Prepaid expenses	53,239	-	53,239
Tax sale land acquisition	22,451	-	22,451
Deferred charges	-	12,924	12,924
Capital assets:			
Land	1,377,051	139,076	1,516,127
Other capital assets, net of accumulated depreciation	13,276,727	10,500,918	23,777,645
<b>Total assets</b>	<b>18,156,276</b>	<b>13,264,102</b>	<b>31,420,378</b>
<b>Deferred Outflows of Financial Resources:</b>			
VMERS pension plan	396,092	-	396,092
<b>Total assets and deferred outflows</b>	<b>\$ 18,552,368</b>	<b>13,264,102</b>	<b>31,816,470</b>
<b>Liabilities:</b>			
Accounts payable	\$ 367,830	91,503	459,333
Accrued liabilities	247,645	65,861	313,506
Due to other governments	129	-	129
Deferred revenue	19,047	-	19,047
Bonds payable:			
Due within one year	159,500	271,850	431,350
Due in more than one year	1,930,600	5,630,050	7,560,650
Capital lease payable:			
Due within one year	83,822	-	83,822
Due in more than one year	61,740	-	61,740
Other Post-Employment Benefits	601,567	-	601,567
Net pension liability - VMERS	845,909	-	845,909
<b>Total liabilities</b>	<b>4,317,789</b>	<b>6,059,264</b>	<b>10,377,053</b>
<b>Deferred Inflows of Financial Resources:</b>			
VMERS pension plan	53,961	-	53,961
<b>Total liabilities and deferred inflows</b>	<b>4,371,750</b>	<b>6,059,264</b>	<b>10,431,014</b>
<b>Net Position:</b>			
Net investment in capital assets	12,418,116	4,738,094	17,156,210
Restricted	2,526,089	704,259	3,230,348
Unrestricted	(763,587)	1,762,485	998,898
<b>Total net position</b>	<b>\$ 14,180,618</b>	<b>7,204,838</b>	<b>21,385,456</b>

See accompanying notes to financial statements.

**TOWN OF MANCHESTER, VERMONT**  
Statement of Activities  
June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 3,048,333	336,142	66,465	-	(2,645,726)	-	(2,645,726)
Public safety:							
Police and civil defense	1,357,217	82,382	63,648	-	(1,211,187)	-	(1,211,187)
Fire	210,225	-	-	-	(210,225)	-	(210,225)
Public works	1,497,145	850	-	220,367	(1,275,928)	-	(1,275,928)
Parks and recreation	300,372	235,865	81,701	-	17,194	-	17,194
Cemetery	2,875	6,533	-	-	3,658	-	3,658
Capital outlay	32,687	-	-	-	(32,687)	-	(32,687)
Emergency management	11,046	-	-	-	(11,046)	-	(11,046)
Interest	71,614	-	-	-	(71,614)	-	(71,614)
<b>Total governmental activities</b>	<b>6,531,514</b>	<b>661,772</b>	<b>211,814</b>	<b>220,367</b>	<b>(5,437,561)</b>	<b>-</b>	<b>(5,437,561)</b>
<b>Business-type activities:</b>							
Water	859,954	829,812	-	-	-	(30,142)	(30,142)
Sewer	496,211	421,683	-	-	-	(74,528)	(74,528)
<b>Total business-type activities</b>	<b>1,356,165</b>	<b>1,251,495</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(104,670)</b>	<b>(104,670)</b>
<b>Total primary government</b>	<b>\$ 7,887,679</b>	<b>1,913,267</b>	<b>211,814</b>	<b>220,367</b>	<b>(5,437,561)</b>	<b>(104,670)</b>	<b>(5,542,231)</b>
<b>General revenues:</b>							
Property taxes					3,598,890	-	3,598,890
Sales tax					1,131,242	-	1,131,242
Investment earnings					461,169	372,600	833,769
Miscellaneous					163,956	6,370	170,326
<b>Total general revenues and transfers</b>					<b>5,355,257</b>	<b>378,970</b>	<b>5,734,227</b>
<b>Change in net position</b>					<b>(82,304)</b>	<b>274,300</b>	<b>191,996</b>
<b>Net position - beginning</b>					<b>14,260,085</b>	<b>6,930,538</b>	<b>21,190,623</b>
<b>Prior period adjustment</b>					<b>2,837</b>	<b>-</b>	<b>2,837</b>
<b>Net position - ending</b>					<b>\$ 14,180,618</b>	<b>7,204,838</b>	<b>21,385,456</b>

See accompanying notes to financial statements.



**TOWN OF MANCHESTER, VERMONT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	<b>General Fund</b>	<b>CIRC Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash	\$ 472,410	-	74,075	546,485
Investments	67,852	903,185	1,454,342	2,425,379
Delinquent taxes receivable, net of allowance for uncollectible accounts of \$11,768	395,203	-	-	395,203
Accounts and notes receivables	29,140	-	-	29,140
Prepaid expenses	53,239	-	-	53,239
Tax sale land acquisition	22,451	-	-	22,451
Due from other funds	86,603	247,375	233,157	567,135
<b>Total assets</b>	<b>\$ 1,126,898</b>	<b>1,150,560</b>	<b>1,761,574</b>	<b>4,039,032</b>
<b>Liabilities:</b>				
Accounts payable	\$ 367,830	-	-	367,830
Accrued liabilities	80,606	-	3,151	83,757
Due to other governments	129	-	-	129
Due to other funds	-	-	536,534	536,534
Deferred revenue	19,047	-	-	19,047
<b>Total liabilities</b>	<b>467,612</b>	<b>-</b>	<b>539,685</b>	<b>1,007,297</b>
<b>Deferred inflows of resources:</b>				
Unavailable revenue - delinquent property taxes	401,556	-	-	401,556
<b>Total deferred inflows</b>	<b>401,556</b>	<b>-</b>	<b>-</b>	<b>401,556</b>
<b>Fund balance:</b>				
Nonspendable	75,690	-	-	75,690
Restricted	60,905	1,150,560	1,263,920	2,475,385
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	121,135	-	(42,031)	79,104
	257,730	1,150,560	1,221,889	2,630,179
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,126,898</b>	<b>1,150,560</b>	<b>1,761,574</b>	<b>4,039,032</b>

See accompanying notes to financial statements.

**TOWN OF MANCHESTER, VERMONT**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
**June 30, 2021**

Total fund balances - governmental funds, page 15 \$ 2,630,179

Amounts reported for governmental activities in the statement  
of net position are different because:

Capital assets used in governmental activities are not  
financial resources and therefore are not reported  
in the funds.

Governmental capital assets	\$ 24,678,569	
Less accumulated depreciation	<u>(10,024,791)</u>	14,653,778

Deferred outflows of financial resources related to pension activities are not recognized in the funds	396,092
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Other long-term assets (property taxes receivable) are not available to pay for current period expenditures and therefore are deferred in the funds.	401,556
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,847,026)
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Deferred inflows of financial resources related to pension activities are not recognized in the funds	(53,961)
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Net position - governmental activities, page 13	<u>\$ 14,180,618</u>
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**TOWN OF MANCHESTER, VERMONT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2021**

	<b>General Fund</b>	<b>CIRC Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Revenues:</b>				
Property taxes	\$ 3,396,593	-	-	3,396,593
Sales tax revenue	1,131,242	-	-	1,131,242
Penalties and interest on delinquent accounts	84,405	-	-	84,405
Charges for services	240,479	-	37,430	277,909
Intergovernmental revenue	241,591	-	-	241,591
Licenses, permits and fines	133,162	-	-	133,162
Investment income (loss)	14,113	170,904	276,152	461,169
Grant income	1,078	-	28,001	29,079
Donations	-	-	82,271	82,271
Other	482,364	-	11,533	493,897
	5,725,027	170,904	435,387	6,331,318
<b>Expenditures:</b>				
General government	2,654,669	-	-	2,654,669
Public safety - police	1,178,550	-	-	1,178,550
Public safety - fire	108,062	-	-	108,062
Public works	767,302	-	-	767,302
Parks and recreation	167,879	-	31,098	198,977
Cemetery	-	-	2,875	2,875
Capital outlay	1,173,331	-	-	1,173,331
Debt management	167,858	-	-	167,858
Emergency management	11,046	-	-	11,046
Other	275,271	-	-	275,271
	6,503,968	-	33,973	6,537,941
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(778,941)</b>	<b>170,904</b>	<b>401,414</b>	<b>(206,623)</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	578,799	-	-	578,799
Operating transfers in (out)	200,142	(30,000)	(170,142)	-
	778,941	(30,000)	(170,142)	578,799
<b>Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses</b>	<b>-</b>	<b>140,904</b>	<b>231,272</b>	<b>372,176</b>
<b>Fund balance, July 1, 2020</b>	<b>257,730</b>	<b>1,009,656</b>	<b>990,617</b>	<b>2,258,003</b>
<b>Fund balance, June 30, 2021</b>	<b>\$ 257,730</b>	<b>1,150,560</b>	<b>1,221,889</b>	<b>2,630,179</b>

See accompanying notes to financial statements.

**TOWN OF MANCHESTER, VERMONT**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2021**

Net change in fund balances - governmental funds, page 17	\$	372,176
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures however, in the statement of activities, the cost of these assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	\$ 1,060,996	
Less: current year depreciation and amortization	<u>(960,172)</u>	100,824
Deferred inflows, deferred outflows and changes in the net pension liability are not recognized in the governmental funds.		(118,517)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Proceeds from issuance of bonds		(578,799)
Repayment of bond and capital lease principal		220,282
Interest accrued on long-term debt is not recognized as an expenditure in the funds. This amount represents an increase in accrued interest on long-term debt		(1,086)
Revenues in the statement of activities that do not provide current financial resources (property taxes not collected within 60 days of fiscal year end) are not reported as revenues in the funds. This amount represents an increase in deferred property taxes.		117,892
Non-current accrued compensated absences are not recorded as an expenditure in the governmental funds. This amount represents the increase in accrued vacation and other post-retirement employee benefits pay in the governmental funds.		(195,076)
Change in net assets - governmental activities, page 14	\$	<u>(82,304)</u>

**TOWN OF MANCHESTER, VERMONT**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b>Assets:</b>			
Current assets:			
Cash	\$ 15,548	9,984	25,532
Investments	926,843	1,119,787	2,046,630
Accounts receivable	341,566	163,287	504,853
Bond proceeds receivable	64,712	-	64,712
Deferred charges	11,372	1,552	12,924
Due from other funds	37,324	-	37,324
<b>Total current assets</b>	<b>1,397,365</b>	<b>1,294,610</b>	<b>2,691,975</b>
Capital assets:			
Distribution and collection systems	13,278,253	983,308	14,261,561
Land	139,076	-	139,076
Buildings and equipment	704,461	5,430,751	6,135,212
Less accumulated depreciation	(5,336,999)	(4,558,856)	(9,895,855)
<b>Total non-current assets</b>	<b>8,784,791</b>	<b>1,855,203</b>	<b>10,639,994</b>
<b>Total assets</b>	<b>\$ 10,182,156</b>	<b>3,149,813</b>	<b>13,331,969</b>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	\$ 35,320	56,183	91,503
Accrued liabilities	39,200	26,661	65,861
Due to other funds	-	67,867	67,867
Bonds payable, current portion	221,542	50,308	271,850
<b>Total current liabilities</b>	<b>296,062</b>	<b>201,019</b>	<b>497,081</b>
<b>Bonds payable, less current portion</b>	<b>4,692,715</b>	<b>937,335</b>	<b>5,630,050</b>
<b>Total liabilities</b>	<b>4,988,777</b>	<b>1,138,354</b>	<b>6,127,131</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	3,870,534	867,560	4,738,094
Restricted	684,383	19,876	704,259
Unrestricted - designated	638,462	1,124,023	1,762,485
<b>Total net position</b>	<b>5,193,379</b>	<b>2,011,459</b>	<b>7,204,838</b>
<b>Total liabilities and net position</b>	<b>\$ 10,182,156</b>	<b>3,149,813</b>	<b>13,331,969</b>

See accompanying notes to financial statements.

**TOWN OF MANCHESTER, VERMONT**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b><i>Operating revenues:</i></b>			
Charges for services	\$ 815,410	414,580	1,229,990
Interest on delinquent accounts	14,402	7,103	21,505
Sale of equipment	6,370	-	6,370
<b>Total operating revenues</b>	<b>836,182</b>	<b>421,683</b>	<b>1,257,865</b>
<b><i>Operating expenses:</i></b>			
Personnel services	235,988	240,169	476,157
Materials and supplies	6,539	6,082	12,621
Repairs and maintenance	27,402	49,017	76,419
Professional services	11,520	10,119	21,639
Utilities	58,815	48,982	107,797
Depreciation and amortization	259,164	55,804	314,968
Other	69,819	38,870	108,689
<b>Total operating expenses</b>	<b>669,247</b>	<b>449,043</b>	<b>1,118,290</b>
<b><i>Operating income (loss)</i></b>	<b>166,935</b>	<b>(27,360)</b>	<b>139,575</b>
<b><i>Nonoperating revenues (expenses):</i></b>			
Investment income	169,350	203,250	372,600
Interest expense	(190,707)	(47,168)	(237,875)
	(21,357)	156,082	134,725
<b><i>Change in net position</i></b>	<b>145,578</b>	<b>128,722</b>	<b>274,300</b>
<b><i>Total net position - beginning</i></b>	<b>5,047,801</b>	<b>1,882,737</b>	<b>6,930,538</b>
<b><i>Total net position - ending</i></b>	<b>\$ 5,193,379</b>	<b>2,011,459</b>	<b>7,204,838</b>

See accompanying notes to financial statements.

**TOWN OF MANCHESTER, VERMONT**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2021**

	<b>Business-type Activities - Enterprise Funds</b>		
	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Totals</b>
<b>Cash flows from operating activities:</b>			
Cash receipts from customers	\$ 786,904	407,653	1,194,557
Proceeds from sale of equipment	6,370	-	6,370
Cash payments to suppliers of goods or services	(172,166)	(160,379)	(332,545)
Cash payments to employees for services	(240,367)	(233,879)	(474,246)
<b>Net cash provided by operating activities</b>	<b>380,741</b>	<b>13,395</b>	<b>394,136</b>
<b>Cash flows from non-capital financing activities:</b>			
Advances from (to) other funds	141,198	47,690	188,888
<b>Net cash provided by non-capital financing activities</b>	<b>141,198</b>	<b>47,690</b>	<b>188,888</b>
<b>Cash flows from capital and related financing activities:</b>			
Principal payments on bonds	(224,892)	(50,310)	(275,202)
Proceeds from issuance of bonds	873,911	-	873,911
Purchase of fixed assets	(1,082,438)	(43,607)	(1,126,045)
Interest paid on bonds	(190,707)	(47,168)	(237,875)
<b>Net cash used in capital and related financing activities</b>	<b>(624,126)</b>	<b>(141,085)</b>	<b>(765,211)</b>
<b>Cash flows from investing activities:</b>			
Interest on investments	10,897	13,118	24,015
Purchase of investments	(26,476)	(13,068)	(39,544)
<b>Net cash provided by (used in) investing activities</b>	<b>(15,579)</b>	<b>50</b>	<b>(15,529)</b>
<b>Net decrease in cash</b>	<b>(117,766)</b>	<b>(79,950)</b>	<b>(197,716)</b>
<b>Cash, beginning</b>	<b>133,314</b>	<b>89,934</b>	<b>223,248</b>
<b>Cash, ending</b>	<b>\$ 15,548</b>	<b>9,984</b>	<b>25,532</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income (loss)	\$ 166,935	(27,360)	139,575
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	259,164	55,804	314,968
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	(42,908)	(14,030)	(56,938)
(Increase) decrease in prepaid expenses and deferred charges	4,683	4,396	9,079
Increase (decrease) in accounts payable and accrued liabilities	(7,133)	(5,415)	(12,548)
<b>Net cash provided by operating activities</b>	<b>\$ 380,741</b>	<b>13,395</b>	<b>394,136</b>

See accompanying notes to financial statements.

**TOWN OF MANCHESTER, VERMONT**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	<b>Private-Purpose Trust Funds</b>			
	<b>Madeline Warner Cemetery Fund</b>	<b>Otto Conderman Fund</b>	<b>Joseph Burr Fund</b>	<b>Total</b>
<b>Assets</b>				
Cash	\$ -	-	7,060	7,060
Investments	112,226	70,347	-	182,573
<b>Total assets</b>	<b>\$ 112,226</b>	<b>70,347</b>	<b>7,060</b>	<b>189,633</b>
<b>Liabilities</b>				
Due to other funds	\$ 58	-	-	58
	58	-	-	58
<b>Net Position</b>				
Net position:				
Restricted	112,168	70,347	7,060	189,575
	112,168	70,347	7,060	189,575
<b>Total liabilities and net position</b>	<b>\$ 112,226</b>	<b>70,347</b>	<b>7,060</b>	<b>189,633</b>

See accompanying notes to financial statements.



**TOWN OF MANCHESTER, VERMONT**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**Year Ended June 30, 2021**

	<b>Private-Purpose Trust Funds</b>			
	<b>Madeline Warner Cemetery Fund</b>	<b>Otto Conderman Fund</b>	<b>Joseph Burr Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Investment income	\$ 24,550	18,034	2	42,586
	24,550	18,034	2	42,586
<b>Operating expenses</b>				
Other	-	-	-	-
	-	-	-	-
<b>Excess of revenues over expenditures</b>	24,550	18,034	2	42,586
<b>Net position, July 1, 2020</b>	87,618	52,313	7,058	146,989
<b>Net position, June 30, 2021</b>	\$ 112,168	70,347	7,060	189,575

See accompanying notes to financial statements.

# **TOWN OF MANCHESTER, VERMONT**

## **Notes to Financial Statements**

### **(1) Summary of Significant Accounting Policies**

#### **(a) Introduction**

The Town of Manchester, Vermont (the "Town") is a unit of local government chartered in 1761. The Town operates under a Select Board - Manager form of government and provides services as outlined in its charter.

The financial statements of the Town of Manchester, Vermont include all of the financial activity of the general fund, special revenue funds, proprietary funds, and trust funds. All these components are included because they are under the direct control of the Select Board and the Town Manager, with the exception of the water department which is overseen by the Board of Water Commissioners. The Town exercises significant oversight and financial interdependence exists.

The Town applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

#### **(b) Basis of Presentation**

##### **Government-wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the Town's governmental and business-type activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Adjustments have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Town's governmental and business-type activities. Direct expenses are those that are specifically associated with a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### **Fund Financial Statements**

The fund statements provide information about the Town's funds, including fiduciary funds. Separate statements for each fund category (governmental, proprietary and fiduciary) are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

The financial activities of the Town that are reported in the accompanying financial statements have been classified in the funds listed below. In addition, descriptions of the fiduciary funds are listed below.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (1) *Summary of Significant Accounting Policies (continued)*

#### (b) *Basis of Presentation - (continued)*

**General Fund** - The General Fund is used to account for all revenues and expenditures applicable to the general operations of the governmental agencies of the Town. All general operating revenues which are not restricted as to use by sources external to the Town are recorded in the General Fund, except for local sales tax revenue as described in Note 12.

**Special Revenue Funds** - The Special Revenue Funds are operating funds for which the use of revenues is restricted, generally by Federal and State governments. The Town has eight Special Revenue Funds; the CIRC Fund, Property Tax Reserve Fund, Recreation Committee Fund, Service Officer's Fund, Factory Point Cemetery Fund, Police Benevolent Fund, Reappraisal Reserve Fund, and the Police Department Shared Funds.

**Capital Projects Funds** - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by Proprietary Funds or Trust Funds). The Town has three Capital Projects Funds, the Fire Department Equipment Fund, the Water Capital Improvement Fund, and the Sewer Capital Improvement Fund.

**Permanent Funds** - Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the programs. The Town has one permanent fund, the Factory Point Cemetery Trust Fund.

#### **Proprietary Fund Type**

**Enterprise Funds** - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town uses two Enterprise Funds: the Water Fund and the Sewer Fund.

#### **Fiduciary Fund Types**

**Private-purpose Trust Funds** - Private-purpose Trust Funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The Town has three Private-purpose trust funds; the Madeline Warner Cemetery Fund, Otto Conderman Fund and the Joseph Burr Fund.

#### (c) *Measurement Focus and Basis of Accounting*

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Town gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### **(1) Summary of Significant Accounting Policies (continued)**

#### **(c) Measurement Focus and Basis of Accounting (continued)**

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year, except for property taxes which are recognized if collected within 60 days of year-end.

#### **(d) Budgets and Budgetary Accounting**

The Town Manager prepares the annual operating budget for the General Fund and submits the budget to the Select Board for approval. After the budget is approved, the Select Board publishes a warning in the Town newspaper for the annual Town meeting to discuss the budget. The budget is legally enacted by a general Town vote by floor vote on the Saturday prior to the first Tuesday in March prior to the new fiscal year. Once adopted, budget revisions are not made. Appropriations lapse at the end of the Town's fiscal year if not encumbered. Formal budgetary integration is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on the modified accrual basis.

Budgets for the Sewer Fund and the Water Fund are approved annually by the Boards of Sewer and Water Commissioners. Rate changes, if required, are approved by the Commissioners.

#### **(e) Cash**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the Town, except for the cash equivalents in the investment accounts which are reported as investments.

#### **(f) Allowance for Uncollectible Accounts**

The Town provides an allowance for uncollectible accounts for the estimated losses that will be incurred in the collection of all receivables. The estimated losses are based on the judgment of management and a review of the current status of existing receivables.

#### **(g) Investments**

Investments are reported at fair value. Unrealized gains and losses in the value of investments are included in revenue.

#### **(h) Capital Assets**

Property and equipment is stated at known or estimated historical cost. Net interest costs are capitalized on projects during the construction period. Depreciation is computed using the straight-line method over estimated useful lives as follows: office furniture and equipment – 5 to 10 years, motor vehicles and heavy equipment – 5 to 15 years, buildings and building improvements – 20 to 40 years, and infrastructure – 25 to 40 years. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Deduction is made for retirements resulting from renewals or betterments.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### **(1) Summary of Significant Accounting Policies (continued)**

#### **(h) Capital Assets (continued)**

GASBS No. 34 requires the Town to report and depreciate new infrastructure assets effective for the fiscal year ending June 30, 2006. Infrastructure assets include roads, bridges, sidewalks, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure assets is optional for the Town of Manchester, and the Town has chosen not to incur the costs of retroactive reporting.

#### **(i) Long-term Debt and Deferred Charges**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources. Premiums received on debt issuances are reported as other financial sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Accumulated unpaid vacation pay and compensatory leave is accrued when incurred in proprietary funds (using the accrual basis of accounting). The current portion of accumulated unpaid vacation pay is accrued when incurred in governmental funds (using the modified accrual basis of accounting). Accumulated unpaid sick pay is paid to Town employees only while employed and is not recorded as the ultimate liability is not subject to reasonable estimation.

#### **(j) Net Position/Governmental Fund Balance**

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance is either not in spendable form (such as inventory), or is required to be maintained intact legally or contractually.

Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance—amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Selectboard). To be reported as committed, amounts cannot be used for any other purpose unless the Selectboard takes the same highest level action to remove or change the constraint.

Assigned fund balance—amounts the Town intends to use for a specific purpose. Intent can be expressed by the Selectboard or by an official or body to which the Selectboard delegates the authority.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### **(1) Summary of Significant Accounting Policies (continued)**

#### **(j) Net Position/Governmental Fund Balance (continued)**

Unassigned fund balance—amounts that are available for any purpose. Positive amounts are reported only in the general fund.

Beginning fund balances for the Town's governmental funds have been restated to reflect the above classifications.

In the government-wide financial statements, net positions are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category includes both designated and undesignated net position of the Town. Designated net position includes reserves that were established by the Board, which are considered internally designated. Undesignated net positions are not restricted for any project or other purpose.

#### **(k) Interfund Receivables and Payables**

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditure or expense (transfers out) in the reimbursing fund and as reductions of the expenditure or expense (transfers in) in the fund that is reimbursed.

#### **(l) Encumbrance Accounting**

Encumbrances outstanding at year-end are recorded as a reservation of fund balance in the Town's governmental funds, since they do not constitute expenditures or liabilities.

#### **(m) Use of Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(continued)

## TOWN OF MANCHESTER, VERMONT

### Notes to Financial Statements

#### **(2) Explanation of Certain Differences Between Governmental Fund Statements and the Government-wide Statements**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the government-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

##### *Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities*

The total of fund balances of the Town's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

##### *Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities*

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of the categories listed below.

1. Long-Term Revenue and Expense Differences - Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.
2. Long-Term Debt Transaction Differences - Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.
3. Capital Assets - Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

#### **(3) Cash**

At June 30, 2021, the carrying amount of the Town's cash was \$579,077 and the bank balance was \$632,464. Of the bank balance, \$288,974 was covered by Federal depository insurance and the balance was covered by additional private insurance.

#### **(4) Investments**

The Town is not restricted by state statute as to the type of investments that it is authorized to hold except for public funds under the control of the Trustees of Public Funds. The Town has adopted an investment policy for all non-operational dedicated funds which provides investment guidelines for the Town Treasurer, the Trustees of Public Funds and the Investment Advisory Committee. The Town's investments are insured or registered securities held by the Town or its agent in the Town's name.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (4) Investments (continued)

At June 30, 2021, the Town had the following investments:

		Fair Value	Investments Maturities (In Years)		
			Less Than 1	1 - 5	6 - 10
Cash equivalents	\$	479,462	479,462	-	-
Mutual funds - equities		4,175,120	4,175,120	-	-
	\$	<u>4,654,582</u>	<u>4,654,582</u>	<u>-</u>	<u>-</u>

#### Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments. At year end, none of the Town's investments were subject to custodial credit risk.

#### Credit Risk

Credit risk is defined as the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligation. The Town's investment policy minimizes credit risk by diversifying the investment portfolio so that potential losses on individual securities will be minimized.

#### Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town's investment policy reduces this risk by structuring the investment portfolio so that the securities mature to meet cash needs for ongoing operations, thus avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in short-term securities or similar investment pools.

Investments by fund at June 30, 2021 are as follows:

#### **Governmental Funds:**

General Fund	\$ <u>67,852</u>
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#### **Special Revenue Funds:**

CIRC Fund	\$ 903,185
Property Tax Reserve Fund	554,433
Reappraisal Reserve Fund	367,711
Recreation Committee Fund	56,456
Police Benevolent Fund	152,415
Subtotal	<u>2,034,200</u>

#### **Capital Projects Funds:**

Fire Department Equipment Fund	<u>71,987</u>
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#### **Permanent Fund:**

Factory Point Cemetery Trust Fund	<u>251,340</u>
<b>Subtotal for Governmental Funds</b>	<u><u>2,425,379</u></u>

(continued)



# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (4) Investments (continued)

**Enterprise Funds:**

Water Fund	926,843
Sewer Fund	1,119,787
<b>Subtotal for Enterprise Funds</b>	<u>2,046,630</u>

**Fiduciary Funds - Private-Purpose Trust:**

Madeline Warner Cemetery Fund	112,226
Otto Conderman Fund	70,347
<b>Subtotal for Fiduciary Funds</b>	<u>182,573</u>

**Total investments** \$ 4,654,582

### (5) Capital Assets

Capital asset activity for the year was as follows:

	Balance June 30, 2020	Additions	Transfers and Disposals	Balance June 30, 2021
<b>Governmental activities:</b>				
Land and improvements	\$ 2,742,494	51,587	-	2,794,081
Buildings	5,125,785	498,843	-	5,624,628
Machinery and equipment	1,802,383	20,924	-	1,823,307
Vehicles	3,222,201	353,010	-	3,575,211
Infrastructure	10,724,710	136,632	-	10,861,342
Construction in progress	-	-	-	-
<b>Totals at historical cost</b>	<u>23,617,573</u>	<u>1,060,996</u>	<u>-</u>	<u>24,678,569</u>
Less accumulated depreciation for:				
Land and improvements	(513,333)	(57,968)	-	(571,301)
Buildings	(2,041,933)	(130,015)	-	(2,171,948)
Machinery and equipment	(1,094,874)	(130,650)	-	(1,225,524)
Vehicles	(2,133,539)	(248,706)	-	(2,382,245)
Infrastructure	(3,280,940)	(392,833)	-	(3,673,773)
	<u>(9,064,619)</u>	<u>(960,172)</u>	<u>-</u>	<u>(10,024,791)</u>
<b>Governmental capital assets, net</b>	<u>\$ 14,552,954</u>	<u>100,824</u>	<u>-</u>	<u>14,653,778</u>

Depreciation expense was charged to governmental functions as follows:

Public safety - police	\$ 142,145
Public safety - fire	102,163
Public works	601,945
General government	12,524
Recreation	101,395
	<u>\$ 960,172</u>

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (5) Capital Assets (continued)

Capital asset activity for the year was as follows:

	Balance June 30, 2020	Additions	Transfers and Disposals	Balance June 30, 2021
<b>Business-type activities:</b>				
Building	\$ 3,806,682	-	-	3,806,682
Land	139,076	-	-	139,076
Water system and improvements	12,217,551	1,060,702	-	13,278,253
Infrastructure	2,396,325	21,871	-	2,418,196
Machinery and equipment	742,440	43,472	-	785,912
Construction in progress	107,730	-	-	107,730
Totals at historical cost	19,409,804	1,126,045	-	20,535,849
Less accumulated depreciation for:				
Buildings	(3,332,934)	(17,508)	-	(3,350,442)
Water system and improvements	(4,430,052)	(248,624)	-	(4,678,676)
Infrastructure	(1,129,302)	(31,714)	-	(1,161,016)
Machinery and equipment	(688,600)	(17,121)	-	(705,721)
	(9,580,888)	(314,967)	-	(9,895,855)
Business-type capital assets, net	\$ 9,828,916	811,078	-	10,639,994

### (6) Deferred Revenue and Deferred Inflows of Financial Resources

Deferred revenue in the General Fund consists of \$19,047 of recreation fees collected in advance for the 2021 fiscal year.

Deferred inflows of financial resources in the General Fund consists of \$401,556 in delinquent taxes receivable and related penalties and interest not collected within 60 days of year-end

### (7) Accrued Compensated Absences

The Town permits employees to accumulate earned but unused vacation benefits and compensatory time off. No liability is reported for unpaid accumulated sick leave because it is not a vested benefit. No expenditure is reported for these amounts in the governmental funds until paid.

### (8) Bonds Payable and Long-term Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Bonds payable	\$ 1,222,900	972,000	(104,800)	2,090,100	159,500
Capital lease obligations	260,964	-	(115,402)	145,562	83,822
Other liabilities:					
Compensated absences	102,749	50,788	-	153,537	-
Net pension liability	572,049	273,860	-	845,909	-
OPEB obligation	457,279	144,288	-	601,567	-
	\$ 2,615,941	1,440,936	(220,202)	3,836,675	243,322

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (8) Bonds Payable and Long-term Liabilities (continued)

Business-type Activities:					
Bonds payable	\$	6,177,100	-	(275,200)	5,901,900
	\$	6,177,100	-	(275,200)	5,901,900

Bonds payable consisted of:

Description	Interest Rate	Maturity Date	Balance June 30, 2021
Highway garage expansion bond	4.756%	12/01/34	60,200
Infrastructure improvements	4.901%	12/01/40	157,900
Parkhouse construction	3.340%	11/15/32	900,000
Fire Truck		11/01/40	155,000
Recreation Park/Paving		11/01/40	817,000
Sewer improvements bond	4.724%	12/01/39	386,538
Sewer infrastructure improvements	4.901%	12/01/40	601,105
Water improvements bond	4.756%	12/01/34	559,800
Water improvements bond	4.724%	12/01/39	618,462
Water infrastructure improvements	4.901%	12/01/40	1,035,995
Water infrastructure improvements	3.620%	11/01/48	2,700,000
			\$ 7,992,000

All bonds payable are secured by the general revenue raising powers of the Town.

Maturities of bonds payable are as follows:

	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 145,487	55,288	200,775	285,864	234,790	520,654
2023	145,487	52,142	197,629	285,864	223,819	509,683
2024	145,487	49,069	194,556	285,864	214,030	499,894
2025	145,487	45,245	190,732	285,864	198,261	484,125
2026	144,031	40,849	184,880	282,320	178,710	461,030
2027-2031	719,715	152,571	872,286	1,407,039	796,051	2,203,090
2032-2036	404,971	44,625	449,596	1,284,274	405,803	1,690,077
2037-2041	239,435	10,835	250,270	1,084,811	191,063	1,275,874
2042-2046	-	-	-	500,000	87,075	587,075
2047-2051	-	-	-	200,000	7,740	207,740
2051-2056	-	-	-	-	-	-
	\$ 2,090,100	450,624	2,540,724	5,901,900	2,537,342	8,439,242

### (9) Leases

The Town leases certain equipment under agreements which are classified as a capital leases. At June 30, 2021 equipment recorded under capital leases in the Government-wide financial statements amounted to \$555,616. Accumulated amortization amounted to \$193,543.

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (10) Internal Balances

Internal balances at June 30, 2021 consisted of the following:

Receivable Fund	Payable Fund	Amount
General	Factory Point Cemetery	\$ 20,117
General	Sewer	67,867
General	Recreation Committee	98,487
General	Madeline Warner Cemetery	58
General	Police Benevolent	148
General	Property Tax Reserve	367,078
Water	General	37,324
Reappraisal Reserve	General	46,437
Restore Reserve	General	55,704
Factory Point Cemetery Trust	General	1,016
Fire Department Equipment	General	130,000
CIRC	General	247,375
		<b>\$ 1,071,611</b>

Internal transfers for the year ended June 30, 2021 were as follows:

Transfer From	Transfer To	Amount	Purpose
CIRC	General	\$ 30,000	Operating Transfer
Property Tax Reserve	General	50,000	Operating Transfer
Reappraisal Reserve	General	5,000	Operating Transfer
Fire Department Equipment	General	64,438	Fund Capital Outlay
		<b>\$ 149,438</b>	

### (11) Property Taxes

Property taxes attach as an enforceable lien on property as of the first day of April. Property taxes for fiscal year 2021 were levied July 20, 2021 and were payable in installments due on September 3, 2020 and February 4, 2022.

### (12) Sales Tax

Local sales tax revenues in excess (or deficiency) of the amount budgeted in the General Fund are reported in the Property Tax Reserve Fund.

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (13) Fund Balance

The Town's fund balance classifications at year-end are as follows:

	General Fund	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total
<b><i>Nonspendable</i></b>	\$ 75,690	-	-	-	75,690
<b><i>Restricted for:</i></b>					
Insurance-High Deductible Reserve	25,210	-	-	-	25,210
CIRC	-	1,150,560	-	-	1,150,560
Parking mitigation	35,695	-	-	-	35,695
Property tax relief	-	136,651	-	-	136,651
Public safety	-	154,744	-	-	154,744
Restore	-	55,704	-	-	55,704
Reappraisal	-	414,148	-	-	414,148
Fire Department Equipment	-	-	201,987	-	201,987
Cemetery	-	23,400	-	277,286	300,686
<b><i>Unassigned</i></b>	121,135	(42,031)	-	-	79,104
<b>Total fund balances</b>	<b>\$ 257,730</b>	<b>1,893,176</b>	<b>201,987</b>	<b>277,286</b>	<b>2,630,179</b>

### (14) Risk Management

The Town is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, employee health and accident and environmental liability. The Town obtains coverage for the risks of losses to which it is exposed through participation in Property and Casualty Intermunicipal Fund, Inc. (PACIF), a self-insurance program sponsored by the Vermont League of Cities and Towns. PACIF is a non-profit corporation owned by the participating municipalities.

### (15) Contingencies

In the normal course of operations, the Town receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of such audits is not believed to be material.

### (16) Deferred Compensation and Pension Plans

#### ***Deferred Compensation Plan***

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered by the International City Manager's Association Retirement Corporation. The plan permits participating employees to defer a portion of their salary until future years. Compensation deferred under this plan is not available to employees until termination, retirement, or death.

#### ***Defined Contribution Plan***

The Town participates in ICMA 401A pension program. All full-time employees are eligible to participate. The Town contributes 6% of covered payroll for participating employees. Plan investments are self-directed by participants, using individual contracts; contributions vest 20% per year for five years at which time they are 100% vested.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (16) *Deferred Compensation and Pension Plans (continued)*

#### *Defined Contribution Plan (continued)*

Pursuant to collective bargaining agreements, the Town's Union employees and Police Management participate in the Vermont Municipal Employees Retirement System (VMERS) in lieu of the 401A Pension Program.

The Town's total payroll for the year ended June 30, 2021 was \$2,397,579 and covered payroll for the defined contribution retirement plan amounted to \$932,213. Town contributions to the plan amounted to \$82,043.

#### *Defined Benefit Plan*

The Town contributes to the Vermont Municipal Employees Retirement System (VMERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Vermont. VMERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Retirement System Division of the Vermont State Treasurer's Office issues a publicly available financial report that includes financial statements and required supplementary information for VMERS. That report may be obtained by writing to Retirement System Division, Vermont State Treasurer's Office, 133 State Street, Montpelier, Vermont 05602.

For the fiscal year ended June 30, 2021 Group C plan members were required to contribute 10.5% of their annual covered compensation and the Town was required to contribute 7.75% of annual covered payroll. Group D plan members were required to contribute 11.85% of their annual covered compensation and the Town was required to contribute 10.35% of annual covered payroll. The contribution requirements of plan members and the Town of Manchester are established and may be amended by the Retirement Board, Vermont Municipal Employees Retirement System. Covered compensation for the year ended June 30, 2021 amounted to \$926,500.

Town contributions to the plan amounted to \$79,940 for the fiscal year ended June 30, 2021.

### (17) *Other Post Employment Benefits*

#### *Plan Description*

The Town of Manchester provides under the "Agreement Between the Town of Manchester and AFSCME Council 92, Local #490, Manchester Police Chapter" through June 30, 2021, post-retirement health care benefits for police union employees who retire from Town employment after attaining age 55 and have at minimum 20 years of service. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

#### *Benefits Provided*

The Town will pay 55% of a single premium in effect until the employees reach age 65, provided that the employee does not have access to an equivalent health plan. The Town's portion of the benefits is funded on a pay-as-you-go basis and included in health care expenditures.

#### *Employees Covered by Benefit Terms*

At June 30, 2021, the following employees were covered by the benefit terms:

Active employees	12
Inactive Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
	<u>12</u>

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (17) Other Post Employment Benefits (continued)

#### Total OPEB Liability

The Town's total OPEB liability of \$601,567 was measured as of June 30, 2021, and was determined by the entry age normal, level percent of pay actuarial cost method.

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Payroll Growth and Inflation	2.50%
Discount rate	1.86%
Healthcare cost trend rates:	
2020-2021	6.50%
2021-2022	6.00%
2022-2023	5.50%
2023+	5.00%
Retirees' share of benefit-related costs	55 percent of the applicable premium in effect
Retirement rates:	
VMERS Group C - Male	
	<u>Age</u> <u>Rate</u>
	55      30%
	56      10%
	57      5%
	58-59      20%
	60-61      10%
	62      40%
	63      10%
	64      20%
	65+      100%

Mortality table: Pub. H 2010 Fully Generational Mortality Table for Males and Females projected with Scale MP-2020.

Withdrawal Rates:	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
	<21	0.084	30	0.049	40	0.023
	21	0.087	31	0.045	41	0.022
	22	0.086	32	0.042	42	0.019
	23	0.082	33	0.038	43	0.018
	24	0.073	34	0.037	44	0.018
	25	0.073	35	0.033	45	0.016
	26	0.066	36	0.032	46	0.016
	27	0.062	37	0.028	47	0.015
	28	0.056	38	0.028	48	0.014
	29	0.051	39	0.024	49	0.014
					50+	0.000

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (17) Other Post Employment Benefits (continued) Actuarial Assumptions and Other Inputs (continued)

Fiscal 2020 Annual Per Capita

Claims Costs:

Age	
55	\$ 22,080
56	23,133
57	24,209
58	25,265
59	26,436
60	27,610
61	28,951
62	30,399
63	31,994
64	33,508

#### **Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.66 percent) or 1-percentage-point higher (3.66 percent) than the current discount rate:

1% Decrease (0.86%)	Discount Rate (1.86%)	1% Increase (2.86%)
\$ 663,923	\$ 601,657	\$ 544,969

#### **Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current healthcare cost trend rates:

Healthcare Cost Trend Rates		
1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
\$ 512,003	\$ 601,567	\$ 713,826

#### **Funding Policy and OPEB Expense**

The Town's portion of the benefits is funded on a pay-as-you-go basis and included in health care expenditures. Currently no employees are receiving benefits under the plan. For the year ended June 30, 2021 the Town recognized OPEB expense of \$25,950.

### (18) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources Pension Plan Description and Benefits Provided

A detailed description of the Vermont Municipal Employees Retirement System (VMERS) is included in Note 16 to the financial statements.

(continued)



# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (18) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

#### **Pension Liabilities. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2021, the Town reported the following liability for its proportionate share of the net pension liability for VMERS. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportion of the net liability was based on a projection of the Town's long-term share of contributions to VMERS relative to the projected contributions of all participating members, actuarially determined. This information was provided by VMERS reports provided to the Town.

Actuarial valuation date	June 30, 2020
Town of Manchester's portion of the Plan's	
Total net pension liability	\$ 845,909

For the year ended June 30, 2021, the Town recognized pension expense of \$198,457 in the government-wide statement of activities. At June 30, 2021 the Town reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments:		
Union Plan	\$ 66,250	\$ -
Non-Union Plan	14,654	-
Changes in assumptions:		
Union Plan	92,868	-
Non-Union Plan	20,541	-
Difference between expected and actual experience:		
Union Plan	62,385	2,053
Non-Union Plan	13,799	454
Changes in proportion and differences between Town contributions and proportionate share of contributions		
Union Plan	45,184	35,482
Non-Union Plan	471	15,972
Town contributions subsequent to the measurement date	79,940	-
	<u>\$ 396,092</u>	<u>\$ 53,961</u>

(continued)

## TOWN OF MANCHESTER, VERMONT

### Notes to Financial Statements

#### **(18) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)**

The Town's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

		Union Plan	Non-Union Plan	Total
June 30, 2022	\$	69,789	4,987	74,776
June 30, 2023		70,774	5,091	75,865
June 30, 2024		59,308	3,357	62,665
June 30, 2025		48,792	94	48,886
	\$	248,663	13,529	262,192

#### **Significant Actuarial Assumptions and Methods**

**Investment Rate of Return:** 7.00%, net of pension plan investment expenses, including inflation.

**Salary Increases:** Varying from 7.00% to 4.75% from 0-10 years of service, then a single rate of 4.5% for all subsequent years.

#### **Mortality:**

##### *Pre-Retirement:*

Groups A/8/C 40% PubG-2010 General Employee below-median and 60% of PubG-2010 General Employee, with generational projection using Scale MP-2019.

Group D PubG-2010 General Employee above-median, with generational projection using scale MP-2019.

##### *Healthy Post-retirement - Retirees:*

Groups A/8/C 104% of 40% PubG-2010 General Healthy Retiree below-median and 60% of PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

Group D PubG-2010 General Healthy Retiree, with generational projection using scale MP-2019.

##### *Healthy Post-retirement - Beneficiaries:*

Groups A/8/C 70% Pub-2010 Contingent Survivor below-median and 30% of Pub-2010 Contingent Survivor, with generational projection using scale MP-2019.

Group D Pub-2010 Contingent Survivor, with generational projection using scale MP- 2019.

##### *Disabled Post-retirement:*

All Groups PubNS-2010 Non-Safety Disabled Retiree with generational projection using Scale MP-2019.

**Spouse's Age:** Females three years younger than males.

(continued)

# TOWN OF MANCHESTER, VERMONT

## Notes to Financial Statements

### (18) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)

#### Significant Actuarial Assumptions and Methods (continued)

**Cost-of-Living Adjustments:** 1.10% for Group A members and 1.20% for Groups B, C and D members. The January 1, 2020 and January 1, 2021 COLAs are 0.80% and 0.40%, respectively, for all groups.

**Actuarial Cost Method:** Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

**Actuarial Value of Assets:** The valuation is based on the market value of assets as of the valuation date, as provided by the System. The System uses an "actuarial value of assets" that differs from market value to gradually reflect year-to-year changes in the market value of assets in determining the contribution requirements.

**Inflation:** 2.3%.

#### Long-Term Expected Rate of Return:

#### Long-Term Expected Rate of Return:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020, is summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity	29.00%	7.07%
US Equity - Large Cap	4.00%	6.19%
US Equity - Small/Mid Cap	3.00%	6.93%
Non-US Equity - Large Cap	5.00%	7.01%
Non-US Equity - Small Cap	2.00%	7.66%
Emerging Markets Debt	4.00%	3.66%
Core Bond	20.00%	0.39%
Private & Alternate Credit	10.00%	6.03%
US TIPS	3.00%	-0.20%
Core Real Estate	5.00%	4.06%
Non-Core Real Estate	3.00%	6.43%
Private Equity	10.00%	11.27%
Infrastructure/Farmland	2.00%	5.44%
	<u>100.00%</u>	

(continued)

## TOWN OF MANCHESTER, VERMONT

### Notes to Financial Statements

#### **(18) Pension Reporting for Assets/Liabilities and Deferred Outflows/Inflows of Financial Resources (continued)**

##### **Significant Actuarial Assumptions and Methods (continued)**

###### **Discount Rate**

The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates set by the Board (employers) and statute (members) with scheduled increases through July 1, 2021. Further, based upon Board resolution, projected contributions beginning July 1, 2022, and each subsequent July 1, through 2025 include additional total contribution increases of 0.50% per year. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included.

Based on those assumptions, the pension plans' Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

The following table presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the proportionate share would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%):

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Union Plan	\$ 1,058,298	\$ 692,695	\$ 391,881
Non-Union Plan	\$ 234,080	\$ 153,214	\$ 86,679

###### **(19) Subsequent Events**

The Town has evaluated subsequent events through March 21, 2022, the date on which the financial statements were available to be issued.

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
<b>Taxes</b>			
Property Taxes	\$ 3,186,226	3,396,593	210,367
	3,186,226	3,396,593	210,367
<b>Administration</b>			
Vendors Fees	4,000	3,900	(100)
	4,000	3,900	(100)
<b>Finance Department</b>			
Miscellaneous	500	-	(500)
	500	-	(500)
<b>Assessing Department</b>			
Listers Education	400	-	(400)
Reappraisal Reserve - Contracted	126,500	-	(126,500)
Reappraisal Reserve - Consultants	5,000	-	(5,000)
Reappraisal Reserve - Equipment	5,000	-	(5,000)
	136,900	-	(136,900)
<b>Planning Department</b>			
Planning grant	18,000	15,750	(2,250)
Zoning Applications/Appeals	18,000	16,608	(1,392)
Zoning Maps/Ordinances	100	-	(100)
Fines	500	-	(500)
Recording Fees	3,000	2,177	(823)
	39,600	34,535	(5,065)
<b>Public Works - Highways</b>			
H-Recording Fees	200	-	(200)
Permit Fees	1,000	850	(150)
H - Grant - Paving	175,000	-	(175,000)
Grant in Aid-BCRC Admin	14,000	17,240	3,240
State Aid - Roads	157,000	203,127	46,127
Miscellaneous	500	-	(500)
	347,700	221,217	(126,483)
<b>Police Department</b>			
Animal Control - Owner Reimbursement	250	69	(181)
Ordinance Fines-An Contro	250	-	(250)
Police Wages Reimbursement	-	2,080	2,080
Justice & Court Fines	10,000	12,308	2,308
Emer Comm Svc	62,000	62,000	-
Fingerprint Process Fee	5,500	2,750	(2,750)
Alarm Board Charges	19,000	17,600	(1,400)
Alarm Board Fines	1,100	2,150	1,050

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues (continued):</b>			
<b>Police Department (continued)</b>			
Parking Fines	250	165	(85)
Ordinance Fines	500	-	(500)
Police Reports	2,600	2,250	(350)
VIN ID Fees	300	10	(290)
Miscellaneous	200	-	(200)
Grant- 5020 & 5126 - DUI	-	1,078	1,078
	101,950	102,460	510
<b>Parks &amp; Recreation Department</b>			
Pool Passes	12,000	749	(11,251)
Pool Memberships	22,000	16,871	(5,129)
Swim Lessons	8,000	9,099	1,099
Private Swim Lessons	3,500	-	(3,500)
McClellan/Eckhardt Fi	5,000	-	(5,000)
Swim Team	11,000	8,330	(2,670)
Lifeguard Course	1,000	-	(1,000)
Brochure Advertising	250	250	-
Applejack Field Rental	4,000	6,298	2,298
Applejack Field Gate Rece	13,000	12,707	(293)
Rental Income	9,000	6,390	(2,610)
Rental Income - Community Room	1,500	-	(1,500)
Precision Walk Sponsorship	500	42	(458)
Concession Income	17,000	3,139	(13,861)
Programs	84,000	47,415	(36,585)
Donations	-	120,000	120,000
Miscellaneous	250	-	(250)
	192,000	231,290	39,290
<b>Health Department</b>			
Fines	50	-	(50)
	50	-	(50)
<b>Town Clerk</b>			
Liquor Licenses	4,700	5,035	335
Photocopies	9,000	12,525	3,525
Motor Veh Reg Renewals	650	526	(124)
Dog Licenses	5,250	4,425	(825)
Dog Fines	700	584	(116)
Marriage Licenses	1,500	960	(540)
Fish & Wildlife Licenses	350	290	(60)
Records Search Fees	1,500	2,087	587
Recording Fees	45,000	87,163	42,163

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues (continued):</b>			
<b>Town Clerk (continued)</b>			
Town Recording Fees	3,200	2,024	(1,176)
Vital Statistics Fees	6,000	2,490	(3,510)
CTCL Grant Revenue	-	5,000	5,000
Election Reimbursement - COVID	-	7,435	7,435
Miscellaneous	500	303	(197)
	<b>78,350</b>	<b>130,847</b>	<b>52,497</b>
<b>Capital Revenue</b>			
Rescue Squad Reimb. - Heat Fuel	8,000	7,330	(670)
Rescue Squad Reimb. - Water	750	750	-
Rescue Squad Reimb. - Grounds	2,500	2,500	-
	<b>11,250</b>	<b>10,580</b>	<b>(670)</b>
<b>General Revenue</b>			
Photocopy Sales	200	2	(198)
Act 68 Administrative Aid	38,000	38,464	464
Int Earned on Investments	5,500	1,897	(3,603)
Int on Restricted Inv	600	861	261
MV Earned on Rest Inv	3,000	11,355	8,355
Int on Delinquent Taxes	55,000	36,158	(18,842)
Penalty on Del Taxes	60,000	48,247	(11,753)
Reappraisal - State Aid	2,900	-	(2,900)
Current Use State Payment	88,000	89,682	1,682
Payments in Lieu of Taxes	24,000	22,366	(1,634)
Rental Income	131,000	123,423	(7,577)
Rental Income - MRS	43,000	43,000	-
Miscellaneous	500	46,908	46,408
	<b>451,700</b>	<b>462,363</b>	<b>10,663</b>
<b>Local Option Taxes Revenues</b>			
Local Option Sales Tax	760,000	829,986	69,986
Local Opt-Meals/Alcohol Tax	480,000	301,256	(178,744)
	<b>1,240,000</b>	<b>1,131,242</b>	<b>(108,758)</b>
<b>Total revenues</b>	<b>5,790,226</b>	<b>5,725,027</b>	<b>(65,199)</b>
<b>Expenditures:</b>			
<b>Legislative</b>			
Citizen Recognition	1,000	118	882
Miscellaneous	1,000	-	1,000
	<b>2,000</b>	<b>118</b>	<b>1,882</b>

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>Administration</b>			
Dues and Subscriptions	1,000	3,710	(2,710)
Miscellaneous	250	286	(36)
	1,250	3,996	(2,746)
<b>Finance Department</b>			
Printing and Publications	500	227	273
Software Support	5,000	7,768	(2,768)
Miscellaneous	250	87	163
	5,750	8,082	(2,332)
<b>Assessing Department</b>			
Contract Services	1,000	950	50
Education	500	-	500
Dues and Subscriptions	450	850	(400)
Software Support	1,500	993	507
Reappraisal - Contracted Services	126,500	-	126,500
Reappraisal - Consultants	5,000	-	5,000
Reappraisal - Equip/Supplies	5,000	-	5,000
Miscellaneous	100	51	49
	140,050	2,844	137,206
<b>Planning Department</b>			
Grant Expenses	20,000	3,555	16,445
Dues and Subscriptions	500	-	500
Printing and Publications	100	-	100
Recording Fees	3,000	2,610	390
Software Support	1,000	950	50
Energy Conservation Program	500	-	500
Economic Development Programs	2,000	70	1,930
Marketing Initiative	-	50,000	(50,000)
Miscellaneous	200	-	200
	27,300	57,185	(29,885)
<b>Department of Public Works</b>			
Uniforms and Clothing	4,500	3,743	757
Electricity	4,200	5,225	(1,025)
Heating Fuels	8,400	7,036	1,364
Equipment Maintenance-Parts	53,000	29,247	23,753
Fuel-Gas	12,000	5,248	6,752
Fuel-Diesel	45,000	26,896	18,104
Oil and Lubricants	2,000	2,570	(570)

(continued)



**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>Department of Public Works (continued)</b>			
Expendable Supplies	14,000	20,421	(6,421)
Equipment Maintenance-Non-Fleet	4,000	3,433	567
Mechanic Tools	4,000	1,379	2,621
Miscellaneous	200	140	60
Permit Fees	3,000	1,894	1,106
Recording Fees	200	120	80
Equipment Acquisition (non-computer)	4,000	5,253	(1,253)
Radios and Communications	1,000	-	1,000
	159,500	112,605	46,895
<b>Department of Public Works - Facilities</b>			
Facilities Maintenance/Improvements	52,000	62,250	(10,250)
Vill Courthouse-Utilities	-	4,593	(4,593)
Vill Courthouse-Maint&Repair	-	2,923	(2,923)
Tree Removal/Planting/Care	3,000	3,747	(747)
Parks/Grounds Maintenance	24,000	47,926	(23,926)
Applejack Field Maintenance	19,000	24,543	(5,543)
Downtown Maintenance	2,000	2,151	(151)
Downtown Seasonal Decor	2,000	2,302	(302)
Waste Disposal - Facilities	5,500	6,199	(699)
	107,500	156,634	(49,134)
<b>Department of Public Works - Highways</b>			
Grant in Aid-BCRC Admin	-	6,046	(6,046)
Cutting Edges	10,000	6,475	3,525
Asphalt-Patchwork	3,000	218	2,782
Winter Sand/Salt	180,000	167,927	12,073
Chloride	9,500	13,488	(3,988)
Gravel	11,000	12,173	(1,173)
Signs & Posts	7,000	7,974	(974)
Culverts/Drainage Appert	22,000	1,459	20,541
Curb & Sidewalk Repair	1,000	255	745
Guard Railings	4,200	-	4,200
Bridge Repair	500	-	500
Line Painting	8,500	1,221	7,279
Traffic Signals	4,500	3,841	659
	261,200	221,077	40,123

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>Police Department</b>			
Animal Control Officer - Boarding/Admin.	250	-	250
Animal Control Officer - Miscellaneous	100	-	100
Animal Control Officer - Veterinary Care	1,500	69	1,431
Training	13,000	8,794	4,206
Supplies	3,000	3,763	(763)
Dues and Subscriptions	7,000	10,955	(3,955)
Uniforms and Clothing	8,500	6,696	1,804
Uniforms - Cleaning Allowance	7,200	6,000	1,200
Vehicle Maintenance	12,500	9,169	3,331
Fuel-Gas	15,000	12,663	2,337
Equipment Maintenance	15,500	19,852	(4,352)
Criminal Investigation Cost	2,000	2,000	-
Miscellaneous	3,500	2,992	508
Equipment Acquisition - Computers	4,000	9,570	(5,570)
Equipment Acquisition - Other	14,500	2,043	12,457
	107,550	94,566	12,984
<b>Fire Department</b>			
Training - Firefighters	3,000	440	2,560
Supplies - Fire Prevention	1,000	-	1,000
FD-Supplies-Office	500	-	500
Vehicles/Equip. Maintenance/Repairs	25,000	27,081	(2,081)
Fuel - Gas	400	10	390
Fuel-Diesel	3,200	1,475	1,725
Communications - Acquisition/Repair	9,000	8,284	716
Miscellaneous	1,000	330	670
Hazardous Waste Supplies	1,000	-	1,000
Equipment Acquisition	24,450	29,242	(4,792)
Equipment - Incentive	2,000	-	2,000
	70,550	66,862	3,688
<b>Emergency Management</b>			
Coronavirus Preparation	-	11,011	(11,011)
Equipment Maintenance	250	35	215
Miscellaneous	250	-	250
Equipment Acquisition	1,000	-	1,000
	1,500	11,046	(9,546)

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>Parks And Recreation Department</b>			
Advertising/Printing/Publications	2,000	475	1,525
Advertising-ApplejackFI	1,000	-	1,000
Lifeguard Course	700	2,040	(1,340)
Supplies	1,500	2,872	(1,372)
Dues and Subscriptions	600	675	(75)
Precision Walk	450	10	440
Electricity	8,750	11,196	(2,446)
Electricity - Applejack Field	2,000	1,245	755
Elec-MaintShed/Irrig/Conc	3,200	2,926	274
Heating Fuels	10,000	5,494	4,506
Concession Stand	3,000	965	2,035
Applejack Cons Maint/Rep/	500	182	318
Pool Maintenance/Supplies	18,500	8,698	9,802
Pool Uniforms	1,500	1,938	(438)
Pool Heater (Propane)	2,500	-	2,500
R-AJ Supplies/Equipmt	1,500	306	1,194
Applejack Concession Stand	8,000	2,533	5,467
R-Concession-Merchandise	-	101	(101)
Miscellaneous	500	99	401
Credit Card Fees	8,250	6,627	1,623
Equipment Acquisition	3,000	3,056	(56)
Programs	50,000	3,468	46,532
Swim Team Expense	5,000	-	5,000
	132,450	54,906	77,544
<b>Health Officer</b>			
Supplies	100	-	100
Recording Fees	50	-	50
Miscellaneous	100	-	100
	250	-	250
<b>Town Clerk</b>			
Records Preservation	3,000	2,226	774
Dues and subscriptions	500	300	200
Maintenance Contracts	8,500	5,580	2,920
Miscellaneous	700	721	(21)
Equipment Acquisition	1,500	-	1,500
	14,200	8,827	5,373

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>Elections &amp; Board of Civil Authority (BCA)</b>			
Training	500	-	500
Contract Services	5,500	4,860	640
Miscellaneous	600	5,437	(4,837)
	6,600	10,297	(3,697)
<b>Town Hall/Public Safety Buildings</b>			
Water - Town Hall	300	357	(57)
Water - PSF	2,000	2,261	(261)
Electricity - Town Hall	10,500	13,221	(2,721)
Electricity - PSF	19,000	20,511	(1,511)
Heating Fuels - Town Hall	15,000	11,993	3,007
Heating Fuels - PSF	30,000	23,312	6,688
PSF Parking Lot Lighting	60,000	33,015	26,985
PSF - FD Concrete Apron	70,000	-	70,000
PSF - PD Secured Fence	20,000	10,289	9,711
PSF - PD Entrance Securit	20,000	-	20,000
	246,800	114,959	131,841
<b>General Expenditures</b>			
Telephone	10,000	10,074	(74)
Internet Services	10,500	10,940	(440)
Cell Phone	11,000	9,210	1,790
Photocopiers	9,500	8,989	511
General-Dues & Subscriptions	5,000	3,249	1,751
Travel	1,000	-	1,000
General Advertising	6,000	9,372	(3,372)
Carpool Vehicle Lease	10,000	11,382	(1,382)
Carpool Vehicle Lease (fuel)	450	333	117
Carpool Vehicle Maintenance	250	440	(190)
Postage	10,000	12,533	(2,533)
Training - General	5,000	563	4,437
Computer & Office Supplies/Equip.	22,000	15,678	6,322
Pre-Employment Expenses	500	250	250
Town Report Printing/Mailing/Adv.	6,000	6,821	(821)
Legal/Consulting	43,000	72,495	(29,495)
Bond - Legal	-	1,550	(1,550)
Property Maps	7,000	6,700	300
Audit	12,500	19,600	(7,100)
State Property Tax	26,000	29,609	(3,609)
Manchester Rescue Squad	179,287	179,287	-

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>General Expenditures (continued)</b>			
Bennington County Regional Comm.	6,000	7,000	(1,000)
Listers E&O - Municipal Tax	1,000	-	1,000
County Taxes	92,000	92,012	(12)
Tax Appeals - Court Imposed	1,000	-	1,000
Uncollectible Taxes	3,000	-	3,000
Tax Abatements	500	109	391
Street Lights	34,000	36,005	(2,005)
VT League - Cities & Towns	6,400	6,549	(149)
Village Allocation - Highways	53,000	58,443	(5,443)
Village Alloc. - Street Lights/Sidewalk	5,000	3,488	1,512
Solid Waster Disposal	38,000	53,098	(15,098)
Memorial Day	1,500	390	1,110
Insurance	51,170	55,385	(4,215)
Debt - Principal & Interest	160,427	167,858	(7,431)
CTCL Grant Expenses	-	4,848	(4,848)
Miscellaneous	500	596	(96)
	828,484	894,856	(66,372)
<b>Personnel-Salaries</b>			
Legislative-Selectboard	7,500	5,963	1,537
Admin-Town Mgr Office	110,100	105,316	4,784
Admin-Human Resources	58,000	56,773	1,227
Part-Time EM/HO/CO/PS	10,000	9,359	641
Finance-Full time	72,000	69,869	2,131
Finance-Treasurer	8,400	8,400	-
Finance-Bd Tax Abatement	100	-	100
Town Service Officer	500	300	200
Assessing-Full time	43,700	49,496	(5,796)
Assessing-Listers	16,900	13,435	3,465
Planning/Zoning-Full time	65,000	63,096	1,904
Planning/Zoning-Admin Assistant	16,900	17,836	(936)
Planning/Zoning-Econ Development	22,500	14,772	7,728
DPW-Director/Mechanic-Full time	129,900	125,187	4,713
DPW-Dir/Mechan-Overtime	4,000	3,798	202
DPW-Facilities-Full time	141,900	137,407	4,493
DPW-Facilities-Full Time -Overtime	-	5,533	(5,533)
DPW-Facilities-Seasonal	24,800	4,978	19,822
DPW-Facilities-Seasonal -Overtime	-	83	(83)

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Expenditures (continued):</b>			
<b>Personnel-Salaries (continued)</b>			
DPW-Highways-Full time	102,000	96,779	5,221
DPW-Highways-FT-Overtime	40,000	31,119	8,881
Police Dept- Police Management	154,100	138,614	15,486
Police-Officers- FullTime	443,100	405,462	37,638
Police-Officers- Overtime	69,000	87,033	(18,033)
PD-Off-OT-Drug Interdictn	-	621	(621)
PD-OT-Criminal Investigator	1,000	-	1,000
PD-PT-Village	-	577	(577)
PD-GHSP Grant - CIOT	-	939	(939)
Dispatcher-Full time	173,200	208,702	(35,502)
Dispatch-Overtime	28,000	42,529	(14,529)
Police-Part time/Prisoner Transport	51,000	52,782	(1,782)
PD-OT-Spec Officer	-	1,767	(1,767)
Dispatch-Spare	32,000	17,060	14,940
Fire Dept-Chief	5,000	5,000	-
Fire Dept-Administration	4,000	4,000	-
Fire Dept-Firefighters	30,000	30,000	-
Top 10 Point Bonus	-	2,200	(2,200)
Parks/Rec-Full time	98,300	91,056	7,244
Parks/Rec-Part time	18,000	7,312	10,688
Parks/Rec-Pool-Straight time	38,000	7,492	30,508
Parks/Rec-Pool-Overtime	-	127	(127)
Parks/Rec-Swim Team	6,000	890	5,110
Parks/Rec- AJ Concession	4,000	-	4,000
Parks/Rec-Camp Counselors	18,000	6,096	11,904
Town Clerk-Salary	50,900	49,347	1,553
Assistant-Salary	35,200	34,091	1,109
BCA-Elections	4,000	3,992	8
BCA-Tax Appeals	1,000	-	1,000
Employee Performance Bonuses	30,000	48,107	(18,107)
Longevity/Sick/Holiday Wages	9,500	-	9,500
Police Dept Bonus Wages	34,000	37,711	(3,711)
	2,211,500	2,103,006	108,494
<b>Allocable Expenditures</b>			
FICA/Medicare	170,000	159,506	10,494
Unemployment Insurance	9,000	4,338	4,662
Health Insurance	650,000	609,926	40,074
Health Care Wellness	2,000	1,147	853
High Deductible Fund	5,000	3,169	1,831

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Expenditures (continued):</b>			
<b>Allocable Expenditures (continued)</b>			
AD/D and Life Insurance	29,000	28,130	870
Worker's Compensation Insurance	101,592	85,437	16,155
Pension and Retirement	128,000	217,390	(89,390)
Dental Insurance	25,000	24,220	780
Section 125 Administration Fees	300	237	63
	<b>1,119,892</b>	<b>1,133,500</b>	<b>(13,608)</b>
<b>Capital Expenditures</b>			
Cap-Depot St-Construction	-	(11,464)	11,464
Cap-Depot St-Lights/Wirin	-	841	(841)
Cap-Parking Lot Pave-TnHa	100,000	1,331	98,669
Vehicle Acquisition - Highway	55,000	54,957	43
Cap-Highway Equipmen	65,000	55,743	9,257
Cap-Culverts-Grant	-	4,482	(4,482)
Sidewalk - Bonnet Street	50,000	37,101	12,899
Sidewalk - Rec Park	35,000	42,904	(7,904)
Rec Park - Maint Facility	350,000	303,439	46,561
Paving - Barnumville Rd.	230,000	93,729	136,271
Rec Park - Tree Planting	10,000	-	10,000
Paving - E. Manchester Rd	70,000	-	70,000
Rec Park - P Lot Expansio	60,000	500	59,500
Cap-Trans Pol Veh Reserve	35,000	37,665	(2,665)
Cap-Equip Acqui-Fire Dept	6,000	5,665	335
Cap-Veh Acqu-Fire	310,000	294,438	15,562
Comunications Radio Upgrade	25,500	28,737	(3,237)
PD Fingerprint Reader	4,400	8,878	(4,478)
AJ Grandstand Improvement	40,000	196,692	(156,692)
Cap-TC-Records Preservati	18,000	17,693	307
	<b>1,463,900</b>	<b>1,173,331</b>	<b>290,569</b>
<b>Town Appropriations</b>			
RSVP	-	1,500	(1,500)
SW VT Council on Aging	-	4,000	(4,000)
The Collaborative	-	1,000	(1,000)
Community Action SW VT (BROC)	-	1,811	(1,811)
PAVE-Against Violence	-	1,850	(1,850)
Benn Area Habitat for Humanity	-	2,400	(2,400)
Neighbor to Neighbor	-	1,500	(1,500)

(continued)

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance -**  
**Budget and Actual - General Fund (continued)**  
**Year Ended June 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
<b><i>Town Appropriations (continued)</i></b>			
Center for Independent Living	-	420	(420)
Tutorial Center	-	2,500	(2,500)
Benn County Court Diversion	-	2,000	(2,000)
GNAT (Television Access)	-	2,000	(2,000)
VABVI - Blind and Visually Impaired	-	500	(500)
VNA & Hospice	-	10,000	(10,000)
Manchester Community Library	-	243,790	(243,790)
	-	275,271	(275,271)
<b><i>Total expenditures</i></b>	<b>6,908,226</b>	<b>6,503,968</b>	<b>404,258</b>
<b><i>Excess (deficiency) of revenues over expenditures</i></b>	<b>(1,118,000)</b>	<b>(778,941)</b>	<b>339,059</b>
<b><i>Other financing sources (uses):</i></b>			
Proceeds from issuance of bonds	972,000	578,799	(393,201)
Operating transfers in (out):			
Property Tax Reserve Fund	15,000	100,704	85,704
CIRC Fund - E.M.	30,000	30,000	-
Reappraisal Reserve Fund	15,000	5,000	(10,000)
Fire Dept Equipment Reserve Fund	155,000	64,438	(90,562)
Fire Dept Equipment Reserve Fund	(69,000)	-	69,000
<b><i>Total other financing sources (uses)</i></b>	<b>1,118,000</b>	<b>778,941</b>	<b>(339,059)</b>
<b><i>Excess (deficiency) of revenues over expenditures and other financing uses</i></b>	<b>\$ -</b>	<b>-</b>	<b>-</b>



**TOWN OF MANCHESTER, VERMONT**  
**Schedule of the Town's Proportionate Share of the Net Pension Liability**  
**and Town Contributions**  
**Vermont Municipal Employees Retirement Plan**

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.33%	0.33%	0.36%	0.35%	0.33%	0.34%	0.32%
Proportionate share of the net pension liability	\$ 845,909	572,049	503,443	418,694	423,656	265,129	29,265
Covered-employee payroll	\$ 926,500	913,888	859,010	864,608	778,437	692,106	692,987
Proportionate share of the net pension liability as a percentage of its covered employee payroll	91.30%	62.60%	58.61%	48.43%	54.42%	38.31%	4.22%
Plan fiduciary net position as a percentage of the total pension liability	86.21%	74.52%	80.35%	82.60%	80.95%	87.42%	98.32%
Contractually required contribution	\$ 79,940	71,972	63,352	62,684	56,437	50,032	48,071
Contributions in relation to the contractually required contribution	(79,940)	(71,972)	(63,352)	(62,684)	(56,437)	(50,032)	(48,071)
Contribution deficiency (excess)	\$ -	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	8.628%	7.875%	7.375%	7.25%	7.25%	7.23%	6.94%

Notes to Required Supplemental Information

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

**TOWN OF MANCHESTER, VERMONT**  
**Schedule of Changes in the Total OPEB Liability**  
**and Related Ratios**

	2021	2020	2019	2018
Total OPEB liability, beginning	\$ 457,279	427,362	223,652	204,701
Service cost	95,677	26,562	119,765	-
Interest cost	9,238	11,923	-	-
Changes in benefit terms	-	-	-	-
Actual and experience difference	(6,431)	(47,934)	15,566	-
Changes in assumptions	45,804	39,366	68,379	-
Employer contributions	-	-	-	-
Total change in OPEB liability	144,288	29,917	203,710	18,951
Total OPEB liability, ending	\$ 601,567	457,279	427,362	223,652
Annual covered payroll	561,545	666,193	664,591	669,502
Total OPEB Liability as a percentage of covered payroll	107.13%	68.64%	64.30%	33.41%

Notes to Required Supplemental Information

Schedule Presentation

This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is

Change in OPEB Liability for 2018

Detail of the changes in the total OPEB liability for 2018 (the first year of implementation of GASB Statement No. 75) is unavailable due to the changes in measurement methods under the new standard.

TOWN OF MANCHESTER, VERMONT  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds										Capital Projects Fund		Permanent Fund		Total Nonmajor Governmental Funds
	Property Tax Reserve Fund	Recreation Committee Fund	Service Officer's Fund	Factory Point Cemetery Fund	Police Benevolent Fund	Reappraisal Reserve Fund	Restore Reserve Fund	PD Shared Funds	Fire Department Equipment Fund	Factory Point Cemetery Trust Fund					
<b>Assets</b>															
Cash	\$ -	-	461	46,668	1,106	-	-	910	-	-	24,930	-	-	24,930	74,075
Investments	554,433	56,456	-	-	152,415	367,711	-	-	71,987	-	251,340	-	-	251,340	1,454,342
Due from other funds	-	-	-	-	-	46,437	55,704	-	130,000	-	1,016	-	-	1,016	233,157
	\$ 554,433	56,456	461	46,668	153,521	414,148	55,704	910	201,987	910	277,286	-	-	277,286	1,761,574
<b>Liabilities</b>															
Accrued liabilities	\$ -	-	-	3,151	-	-	-	-	-	-	-	-	-	-	3,151
Due to other funds	417,782	98,487	-	20,117	148	-	-	-	-	-	-	-	-	-	536,534
	417,782	98,487	-	23,268	148	-	-	-	-	-	-	-	-	-	539,685
<b>Fund Balances</b>															
Restricted	136,651	-	461	23,400	153,373	414,148	55,704	910	201,987	910	277,286	-	-	277,286	1,263,920
Unassigned	-	(42,031)	-	-	-	-	-	-	-	-	-	-	-	-	(42,031)
	136,651	(42,031)	461	23,400	153,373	414,148	55,704	910	201,987	910	277,286	-	-	277,286	1,221,889
	\$ 554,433	56,456	461	46,668	153,521	414,148	55,704	910	201,987	910	277,286	-	-	277,286	1,761,574

**TOWN OF MANCHESTER, VERMONT**  
**Combining Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2021**

	Special Revenue Funds													Capital Projects Fund		Permanent Fund		Total Nonmajor Governmental Funds
	Property Tax Reserve Fund	Recreation Committee Fund	Service Officer's Fund	Factory Point Cemetery Fund	Police Benevolent Fund	Reappraisal Reserve Fund	Restore Reserve Fund	PD Shared Funds	Fire Department Equipment Fund	Cemetery Trust Fund	Factory Point Fund							
Revenues:																		
Investment income	\$ 100,411	10,909	-	11	27,731	66,343	-	-	23,667	47,080		276,152						
Grant income	-	-	-	-	-	28,001	-	-	-	-		28,001						
Sale of equipment	-	-	-	-	-	-	-	-	5,000	-		5,000						
Donations and sponsorships	-	81,701	-	-	570	-	-	-	-	-		82,271						
Charges for services	-	4,575	-	-	-	-	32,855	-	-	-		37,430						
Miscellaneous income	-	-	-	4,333	-	-	-	-	-	2,200		6,533						
	100,411	97,185	-	4,344	28,301	94,344	32,855	-	28,667	49,280		435,387						
Expenditures:																		
Recreation expenses	-	31,098	-	-	-	-	-	-	-	-		31,098						
Cemetery expenses	-	-	-	2,875	-	-	-	-	-	-		2,875						
Capital outlay	-	-	-	-	-	-	-	-	-	-		-						
	-	31,098	-	2,875	-	-	-	-	-	-		33,973						
Excess (deficiency) of revenues over expenditures	100,411	66,087	-	1,469	28,301	94,344	32,855	-	28,667	49,280		401,414						
Other financing sources (uses):																		
Operating transfers in	-	-	-	-	-	-	-	-	-	-		-						
Operating transfers out	(100,704)	-	-	-	-	(5,000)	-	-	(64,438)	-		(170,142)						
	(100,704)	-	-	-	-	(5,000)	-	-	(64,438)	-		(170,142)						
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(293)	66,087	-	1,469	28,301	89,344	32,855	-	(35,771)	49,280		231,272						
Total fund balances, July 1, 2020	136,944	(108,118)	461	21,931	125,072	324,804	22,849	910	237,758	228,006		990,617						
Total fund balances, June 30, 2021	\$ 136,651	(42,031)	461	23,400	153,373	414,148	55,704	910	201,987	277,286		1,221,889						



**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Select Board  
Town of Manchester, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Manchester, Vermont, as of and for the year ended June 30, 2021 and the related notes to the financial statements which collectively comprise the Town of Manchester, Vermont's basic financial statements and have issued our report thereon dated March 21, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered Town of Manchester, Vermont's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Manchester, Vermont's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Manchester, Vermont's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Manchester, Vermont's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Love, Cody & Company, CPAs, P.C.*

March 21, 2022

Vt. Reg. #357

Love, Cody & Company, CPAs